

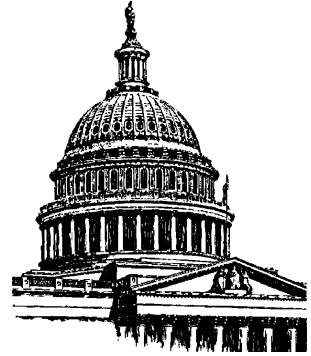
# Lynn Rivers' *Capitol Corner*

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106th Congress, September Edition

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A newsletter by Congresswoman Lynn N. Rivers representing Michigan's  
13th Congressional District



September 1999

*Dear Friends,*

*I'm glad that I had the chance to see many of you at my events during the August recess. As Congress reconvenes, we will be discussing major issues relating to your health and happy retirement. This month's newsletter contains the second article in a two part series on Social Security funding and reform as well as information on the Patients's Bill of Rights.*

*If you would like to speak to me regarding these - or any other issues - please drop by one of my events in the 13<sup>th</sup> District. I look forward to seeing you there.*

*Sincerely,*

A stylized, handwritten signature of Lynn N. Rivers in cursive script.

Lynn N. Rivers

## Protecting Social Security

Social Security, one of the most successful programs created by Franklin D. Roosevelt's New Deal, is facing long-term funding issues. Last month's *Capitol Corner* outlined the causes and magnitude of Social Security's ailments. This month, my newsletter provides a primer on some of the arguments for and against selected proposals for Social Security reform. None of these changes alone can ensure the long-term health of the Social Security system. Congress is negotiating sets of changes that will secure the future of this important program.

*(Social Security, page 2)*

## Losing our Patien(ts)ce

The shift to managed care from traditional fee for service health insurance plans has left many Americans feeling frustrated and defenseless when they are denied care. Managed care companies peremptorily limit access to specialists and services, and patients have little legal recourse to contest these decisions. The "Patients' Bill of Rights" was born out of their desire for increased patient protection in the managed care environment.

Federal regulation over health insurance was established by the 1970 Employee Retirement Income Security Act (ERISA). ERISA imposed minimum standards and procedures for self-funded plans sponsored by private-sector employers. The act also prevented consumers from suing insurance companies for more than the cost of care denied and legal fees. States exercise authority over areas where ERISA is silent or inadequate. This regulatory

*(Patients' Rights, page 3)*

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## Social Security Reform Proposals

Proposal	Arguments in Favor	Arguments in Opposition
<b>Retain the existing system.</b>	<ul style="list-style-type: none"> <li>● Problems are resolvable with modest tax and spending changes, and the program's critics are raising the specter that Social Security will "bankrupt the Nation" as an excuse to privatize it.</li> </ul>	<ul style="list-style-type: none"> <li>● Projections show that the combined Social Security Trust Funds will be exhausted by 2034. The longer we wait to address the issues, the more difficult it will be to solve them.</li> </ul>
<b>Reduce COLAs.</b> Cost of living adjustments prevent the value of benefits from being eroded by inflation. COLAs for Social Security are indexed to the consumer price index (CPI), which measures the value of a market basket of goods and services for a given year.	<ul style="list-style-type: none"> <li>● The CPI has come under criticism for allegedly overstating the effects of inflation, in part because the market basket of goods and services underlying the index was not revised regularly to reflect changes in buying preferences. The Social Security COLA should be revised to more closely reflect inflation.</li> </ul>	<ul style="list-style-type: none"> <li>● COLAs help retirees keep pace with inflation. Reducing COLAs would mean a decrease in benefits in real dollars.</li> <li>● The market basket of goods and services purchased by the elderly is different from that of the general population. If swiftly rising health care expenditures are weighted in the CPI, the cost of living for the elderly is higher than that reflected by the CPI.</li> </ul>
<b>Change the tax and benefit formulae to reduce benefits for high-income workers.</b> This encompasses means testing, affluence testing, increasing the tax beneficiaries pay on their benefits, and reducing overall benefits. "Means" and "affluence testing" would reduce benefits to those individuals who have incomes above a given amount.	<ul style="list-style-type: none"> <li>● People with high incomes don't need Social Security so they should not receive as many benefits.</li> <li>● This option spares low-income beneficiaries from losing benefits.</li> <li>● Beneficiaries should contribute to the health of the system. If done now, future retirees will have time to make adjustments to their retirement plans.</li> </ul>	<ul style="list-style-type: none"> <li>● The Social Security tax and benefit formulae are already weighted so that low income beneficiaries get back a larger percentage of their contributions than high income beneficiaries.</li> <li>● Increasing taxes, means testing and affluence testing undermines support for the program among the middle and upper class.</li> </ul>
<b>Raise the retirement age.</b> By mandate of a 1983 reform bill, the age at which individuals will be able to collect full Social Security benefits will be slowly increased from 65 to 67. Retirement age may be increased further under some reform proposals.	<ul style="list-style-type: none"> <li>● Raising the retirement age is reasonable considering the longevity of today's workers. When Social Security benefits were first paid in 1940, an average 65 year old man was expected to live an additional 11.9 years; for a woman, it was 13.4 years. Today, life expectancy at 65 is 15.8 years for a man and 19.2 years for a woman.</li> </ul>	<ul style="list-style-type: none"> <li>● A labor market unfavorable to older workers may force people out of the job market before retirement age.</li> <li>● It will penalize workers who work in physically demanding jobs and those who are members of racial minorities having shorter life expectancy.</li> </ul>
<b>Raise the cap at which wages are no longer taxed.</b> Currently, workers and their employers each pay a payroll tax on wages up to a maximum of \$68,400.	<ul style="list-style-type: none"> <li>● An increase in the wage cap would put the burden for shoring up Social Security on those who can afford it most.</li> <li>● Due to rising wages, the current cap leaves a greater portion of wages untaxed than in the past.</li> </ul>	<ul style="list-style-type: none"> <li>● The proposal would amount to a substantial tax increase for the wealthy. This may erode support for the program among high income beneficiaries.</li> </ul>
<b>Invest Social Security funds in the stock market.</b> Have the government invest and manage the funds or partially or fully replace Social Security with individually managed accounts. Proposals on how to privatize Social Security vary.	<ul style="list-style-type: none"> <li>● Stocks and bonds generally have provided higher rates of return than are projected from Social Security.</li> <li>● Private accounts provide the individual with control of the Social Security portion of his/her retirement plan.</li> <li>● Private accounts would increase national savings and promote economic growth.</li> <li>● In the case of government investment, Social Security is large enough to absorb the ups and downs of the market.</li> </ul>	<ul style="list-style-type: none"> <li>● The stock market is volatile, and this plan would place Social Security at risk.</li> <li>● Government could have too large a role in the economy.</li> <li>● Privatization would mean that today's workers would have to save for their own retirement while simultaneously supporting current retirees through taxes.</li> <li>● The inflow into capital markets would be difficult to regulate and could potentially distort stock valuations.</li> </ul>

(*Patients' Rights*, from cover)

## Community Clippings



The Minerva seal that the University of Michigan used on its diplomas from 1843 to 1895 was believed to be original. Scholars now think that the design may have been derived from the frontpiece of Webster's famous "Blue Black Speller." The textbook was widely used during the 19<sup>th</sup> century. The frontpiece, like the seal, shows Minerva with a child, her hand pointing toward a Pantheon-like temple on a hill.

The quote on the seal was probably from a line in Virgil's *Aeneid*: "Friends, where first the chance of escape shows a way, and where her hand points, let us follow." The substitution of *Minerva* for *first chance of escape* gave an entirely different meaning to the quotation.



patchwork has led provider and consumer advocacy groups to call for federal standards that would apply to all health care enrollees regardless of program type.

While their bills offer widely disparate solutions, both Republicans and Democrats agree on key aspects of managed care that the federal government ought to address: access to and choice of providers, information disclosure and grievance and appeals processes and remedies. I am a co-sponsor of the House bill, H.R. 358. Among other provisions, the current version of the bill would require health plans to do the following:

- Replace prior authorization for emergency medical services with a "prudent layperson" standard for emergency medical screening examinations. A prudent layperson is defined as an individual who could reasonably expect that lack of treatment would place her health in serious jeopardy.
- Allow women to choose an OB/

GYN as their primary care provider, and ensure direct access for all care, not just routine examinations. Children would have similar access to pediatricians, and people with chronic conditions would have direct access to specialists.

- Ensure that medically necessary care, in the form of emergency care at the nearest hospital and access to specialists outside of the network, will be covered at no extra cost to the patient. "Medical necessity" is defined in a way that prevents HMOs from defying doctors' decisions on generally accepted standards of practice.
- Prevent a gag rule from limiting any type of communication between doctors and patients. The bill would also limit HMOs' use of financial incentives and disincentives to penalize doctors for advocating care outside of what is sponsored by the HMO.
- Create an independent review board to redress grievances about coverage decisions.

- Strip health plans of their immunity from punitive damages under ERISA, ensuring that new patient protections can be enforced.

Rep. Dingell (D-Michigan) and Rep. Norwood (R-Georgia) are currently working on a bipartisan version of the Patients' Bill of Rights that blends aspects of earlier bills. Details on this bill will be available on my website soon after it is introduced. An adequate Patients' Bill of Rights is essential to ensuring that doctors, not HMOs, determine what is medically necessary for their patients.

### Lynn Rivers' Capitol Corner

If you would like to receive this monthly newsletter in the mail, please return the form below to:

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Ypsilanti, MI 48197

(Mr./Mrs./Ms.) \_\_\_\_\_

Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, Zip

**Lynn is hosting the following events in September:**

Watch Lynn's September  
edition of Capitol Corner:  
"Peacemaking and  
Peacekeeping: Part 2" on  
your local community  
access cable channel.



**offee Hours**

**Monday, September 13**

8:30am-10:00am  
Vassel's of Plymouth Restaurant & Deli  
9468 S. Main  
Plymouth

**Tuesday, September 21**

8:30am-10:00am  
Sister Act Deli  
36726 Goddard Rd.  
Romulus



**orum**

*School Vouchers*

**Saturday, September 25**

10:00am-12:00pm  
Wayne County RESA Center  
Annex Building  
33500 Van Born Rd.  
Wayne



**own Hall**

**Saturday, September 18**

10:00am-11:30am  
Ypsilanti Township Community Center  
Room 201  
2025 E. Clark Rd.  
Ypsilanti



WELCOME BACK TO SCHOOL!

U.S. HOUSE OF REPRESENTATIVES  
Washington, DC 20515-2213

Official Business

*Lynn N. Rivers*

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